

**Verizon New England, Inc.**  
**State of Maine**  
**Earnings Statement**  
**12 Months Ended March 2003**

	<u>Combined</u> <u>Operations</u>	<u>Intrastate</u> <u>Operations</u>
<b>Revenues</b>		
1 Local Service Network Revenue (5001-5069)	249,312,027	249,306,251
2 Network Access Service Revenue (5081-5084)	150,215,871	13,433,100
3 Long Distance Network Service Revenue (5100-5169)	54,614,561	54,613,971
4 Miscellaneous Revenue (5230-5280)	46,404,117	35,227,782
5 Less: Uncollectibles (5301-5302)	<u>20,742,982</u>	<u>15,101,453</u>
<b>6 Operating Revenue (L1 to L5)</b>	<b>\$479,803,595</b>	<b>\$337,479,651</b>
<b>Expenses</b>		
7 Support (6112-6124)	25,086,109	18,638,829
8 Maintenance (6211-6540)	94,231,841	71,304,073
9 Depreciation and Amortization (6561-6565)	105,781,568	70,219,343
10 Marketing and Customer Services (6611-6623)	55,621,315	42,636,191
11 Other Expenses of Operations (6711-6790)	<u>75,545,591</u>	<u>56,553,156</u>
<b>12 Telephone Expenses - Other than Tax (Line 7 to Line 11)</b>	<b>\$356,266,423</b>	<b>\$259,351,592</b>
13 Investment Tax Credits - Net	(765,276)	(568,775)
14 Federal Taxes Deferred	9,696,881	9,065,707
15 Federal Taxes on Income	18,299,733	7,588,596
16 Miscellaneous Tax	628,472	450,073
17 Property Tax	24,809,341	17,716,270
18 State Taxes Deferred	698,813	
19 State Income Taxes	465,477	644,614
20 Gross Receipts Tax	<u>1,353,258</u>	<u>1,353,258</u>
<b>21 Total Taxes (Line 13 to Line 20)</b>	<b>\$55,186,700</b>	<b>\$36,249,743</b>
<b>22 Total Telephone Expenses including Tax (Line 12 plus Line 21)</b>	<b>\$411,453,123</b>	<b>\$295,601,334</b>
<b>23 Net Operating Revenues (Line 6 less Line 22)</b>	<b>\$68,350,472</b>	<b>\$41,878,317</b>
24 Interest Charged Construction (7340)	<u>1,462,376</u>	<u>1,045,837</u>
<b>25 Net Telephone Earnings (Line 23 to Line 24)</b>	<b>\$69,812,848</b>	<b>\$42,924,154</b>
26 Average Net Investment	\$687,323,208	\$479,274,487
27 Earnings on Net Investment (Annual Basis)	10.16%	8.96%

\* January, February & March 2003 separated based on December 2002 percentages.

( ) Denotes Negative Amount

**Verizon New England, Inc.**  
**State of Maine**  
**12 Months Ended March 2003**  
**Summary of Investment**

	<u>Combined</u> <u>Operations</u>	<u>Intrastate</u> <u>Operations</u>
<u>Average March 2003</u>		
1 Telecommunications Plant in Service (2001)	\$1,851,921,620	\$1,325,127,459
2 Telephone Plant under Construction	11,889,125	8,628,012
3 Property Held for Future Telephone Use (2002)		
4 Average Telephone Plant (Line 1 to Line 3)	<u>\$1,863,810,744</u>	<u>\$1,333,755,471</u>
5 Depreciation Reserve (3100 - 3600)	<u>1,222,968,982</u>	<u>886,519,794</u>
6 Average Telephone Plant (Line 4 less Line 5)	<u>\$640,841,762</u>	<u>\$447,235,676</u>
7 Working Capital	<u>34,299,064</u>	<u>26,658,546</u>
8 Average Net Investment (Line 6 plus Line 7)	<u>\$675,140,826</u>	<u>\$473,894,222</u>
<u>Average 12 Months Ended March 31, 2003</u>		
9 Telecommunications Plant in Service (2001)	\$1,824,113,750	\$1,306,797,965
10 Telephone Plant Under Construction	21,204,138	15,318,333
11 Property Held for Future Telephone Use (2002)	<u>(429)</u>	<u>(294)</u>
12 Average Telephone Plant (Line 9 to Line 11)	<u>\$1,845,317,459</u>	<u>\$1,322,116,004</u>
13 Depreciation Reserve (3100 - 3600)	<u>1,194,804,962</u>	<u>870,418,679</u>
14 Average Telephone Plant (Line 12 less Line 13)	<u>\$650,512,497</u>	<u>\$451,697,325</u>
15 Working Capital	<u>36,810,711</u>	<u>27,597,162</u>
16 Average Net Investment (Line 14 plus Line 15)	<u>\$687,323,208</u>	<u>\$479,294,487</u>
<u>Deferred Taxes (4100, 4340)</u>		
17 Average Month of March, 2003	\$66,447,470	\$48,375,464
18 Average 12 Months Ended March 31, 2003	61,374,961	44,192,277

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